

Message Text

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ACTION COME-00

INFO OCT-01 EA-11 ISO-00 EB-11 HUD-02 AGR-20 EUR-25 SWF-02

INT-08 AID-20 CIAE-00 FRB-02 INR-10 NSAE-00 RSC-01

TRSE-00 XMB-07 OPIC-12 SP-03 CIEP-02 LAB-06 SIL-01

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 3301

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E.O. 11652: N/A

TAGS: ETRG, JA

SUBJECT: JAPANESE STANDARDS FOR 2 X 4 LUMBER

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SUMMARY: GOJ HAS ANNOUNCED STANDARDS FOR GRADING AND SIZING 2 X 4 LUMBER BASED ON AMERICAN AND CANADIAN LUMBER STANDARDS BUT INTENDS AT PRESENT TO REINSPECT IMPORTED 2 X 4 LUMBER. MAJOR IMMEDIATE IMPACT THIS PROCEDURE LIKELY TO BE ON CONTAINERIZED PRE-FAB. HOUSES SOME OF WHICH MAY HAVE TO BE DEANNED FOR INSPECTION 2 X 4 LUMBER CONTENTS BEFORE TRANSPORT TO CONSTRUCTION SITE. GOJ OFFICIALS HAVE INDICATED INTEREST IN EVENTUALLY ESTABLISHING PROCEDURE FOR ACCEPTING U.S. INSPECTION. END SUMMARY

1. JULY 8 OFFICIAL GAZETTE PUBLISHED JAPAN AGRICULTURAL AND FORESTRY STANDARDS (JAS) EFFECTIVE AUGUST 7 FOR SIZING AND GRADING 2 X 4 LUMBER. NEW JAS PREPARED IN ANTICIPATION OF OPENING 2 X 4 CONSTRUCTION SYSTEM (MIN. OF CONSTRUCTION IN FINAL STAGE DRAFTING PROVISIONAL 2 X 4 BUILDING CODE AND WILL ANNOUNCE BEFORE AUGUST 7.)

2. JAS FOR 2 X 4 LUMBER BASED ON AMERICAN AND CANADIAN LUMBER STANDARDS (ALS-CLS) AND EACH PIECE IMPORTED 2 X 4 LUMBERS (NO DOMESTIC PRODUCTION) WILL HAVE BEEN GRADED, SIZED, UNCLASSIFIED

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AN APPROPRIATELY STAMPED IN U.S. OR CANADA. JAPAN MIN.

AGRICULTURE AND FORESTRY (MAF) PRESENTLY INTENDS IN PRINCIPLE TO REINSPECT EACH PIECE BUT HAS INDICATED TO LUMBER IMPORTERS THAT IT ACTUALLY WILL INSPECT SAMPLES TOTALLING 6 - 7 PERCENT EACH SHIPMENT. (MAF INSPECTION UNRELATED TO CUSTOMS BUT WILL BE AT WHARFSIDE OR NEAR PORT OF ENTRY).

3. ACCORDING WORKING LEVEL MAF OFFICIAL AN ARRANGEMENT PROBABLY WILL BE ESTABLISHED EVENTUALLY FOR ACCEPTING ALS-CLS STAMPS. SEVERAL TRADING COS. URGING GOJ TAKE THIS STEP ASAP. (TRADING COS. FOR OBVIOUS REASONS WANT GOJ TO DESIGNATE "APPROVED SUPPLIER" WITH ACCEPTABLE NORTH-AMERICAN-SIDE INSPECTION PROCEDURES.)

4. LARGE IMPORTS 2 X 4 LUMBER NOT EXPECTED IMMEDIATELY UPON IMPLEMENTATION OF 2 X 4 BUILDING CODE. PRINCIPAL IMPACT JAS IN NEAR FUTURE MAY BE UPON CONTAINERIZED PRE-FABRICATED HOME KITS WHICH INCORPORATE 2 X 4 LUMBER. ACCORDING MR. LEE SCHILLING TOKYO REP. NORTHWEST INTL. MARKETING CORP (NWIM), A SEATTLE-BASED PRE-FAB HOME CO., MAF ADVISED HIS FIRM IT WILL BE REQUIRED TO DEVAN ALL CONTAINERIZED HOMES AT PORT FOR GRADING AND SIZING OF LUMBER CONTENTS. SCHILLING ALSO TOLD EMBOFF THAT IT HIS UNDERSTANDING FROM MITI AND MAF THAT JAS INSPECTION PROCEDURES IN EFFECT PRECLUDE IMPORT US-MADE-PRE-FAB. PANELS WHICH CONTAIN 2 X 4 LUMBER CONCEALED IN ANY MANNER WHICH WOULD PREVENT INSPECTION.

5. MAF REP., HOWEVER, TOLD EMBASSY THAT JAS WILL APPLY ONLY TO LUMBER AND THAT MAF HAS NO INTEREST IN LUMBER AS A COMPONENT OF STRUCTURAL PANELS, STANDARDS FOR WHICH ARE UNDER JURISDICTION OF MINISTRY OF CONSTRUCTION (STRUCTURES BUILT UNDER FORTHCOMING 2 X 4 BUILDING CODE WILL BE SUBJECT TO STANDARD BUILDING INSPECTION PROCEDURES WHICH APPLY TO OTHER TYPES CONSTRUCTION). MAF ALSO TOLD EMBASSY IT PROBABLY WILL CONDUCT SPOT CHECKS OF CONTAINERIZED PRE-FAB. HOMES IN THE IMPORTERS' WAREHOUSES RATHER THAN AT DOCKSIDE.

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YM SCHILLING PLANS TO LEAVE TOKYO FOR SEATTLE JULY 12 AND WILL VISIT WASH. D.C. DURING U.S. TRIP. HE CONVINCED JAS INSPECTION PROCEDURES REFLECT PROTECTIONIST PRESSURES FROM JAPANESE SAWMILLERS AND CONTRACTORS AND PLANS TO APPROACH SENATOR JACKSON (WASH.) CONCERNING PROBLEM. NWIM HAS GONE THROUGH 18-MONTH PROCESS OF SECURING INDIVIDUAL APPROVAL FOR ITS PREFAB. SYSTEM AND IS BEGINNING TO PRODUCE A JAPANESE-DESIGNED HOUSE IN ITS SEATTLE PLANT. NWMI ALREADY

HAS BUILT SEVERAL HOUSES IN JAPAN AND PLANS TO CONSTRUCT 25 MODEL UNITS IN NEXT SIX MONTHS. IN VIEW LARGE INVESTMENT FIRM UNDERSTANDABLY DISTURBED RE JAS PROCEDURES WHICH COULD REDUCE PRICE COMPETITIVENESS PRODUCT. TRADING COS. ALSO CONCERNED THAT INSPECTION FEES AND TME CONSUMING PROCEDURES COULD WIPE-OUT MUCH OF SAVING EXPECTED FROM ESTABLISHING MARKET IN JAPAN FOR RELATIVELY CHEAP ALS LUMBER.

7. EMBOFF URGED SCHILLING TO VISIT TOMAS WELCH (OIM, JAPAN/ANZ DIVISION) AT COMMERCE WHILE IN WASH. TO DISCUSS USG TRADE PROMOTION PLANS IN 2 X 4 CONSTRUCTION FIELD.

8. INSPECTION OF 2 X 4 LUMBER HAS ALSO AROUSED CONCERN OF CANADIAN GOVERNMENT AND LUMBER INDUSTRY WHICH HAD EXPECTED CLS TO BE ACCEPTED. ISSUED RAISED AT JULY 10 - 11 TOKYO MEETINGS OF JAPAN-CANADA HOUSNG COUNCIL. (CANADIAN MODEL HOME EXHIBITION OPENS JULY 2.) EMBASSY COMMENT: A SETTLING DOWN PERIOD FOR 2 X 4 CONSTRUCTION ALONG WITH EVOLUTION OF A GOJ ROLE IN SUPERVISING IT APPEARS INEVITABLE. CHECKS WITH CONCERNED GOJ MINISTRIES AND IMPORTERS PRODUCED CONFLICTING REPORTS RE INSPECTION PROCEDURES AT ALL STAGES, AND GOJ REPS. ACKNOWLEDGE THAT MANY CHANGES WILL HAVE TO BE MADE AS PRACTICAL EXPERIENCE ACCUMULATES. PROTECTIONIST FORCES EXIST, BUT EMBASSY BELIEVES THAT AT POLICY LEVEL GOJ WELCOMES 2 X 4 SYSTEMS AS OPPORTUNITY TO CONTRL HOUSING COSTS AND RECOGNIZES THAT DEVELOPMENT OF PROFITABLE U.S. EXPORT INDUSTRY WILL INCREASE SECURITY JAPAN'S ACCESS TO STABLE SUPPLY NORTH AMERICAN TIMBER. WITH JAS-ALS-CLS THE SAME IN SUBSTANCE IT MIGHT BE USEFUL TO BEGIN CONSIDERATION OF POSIBILITIES FOR COORDINATING INSPECTION PROCEDURES.

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